the issues under consideration is the time required for processing of such applications.

RBI measures to conserve foreign exchange

1709. SHRI VITHALBHAI M. PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has announced some measures to conserve foreign exchange;

(b) what are the details of the measures RBI has taken to conserve foreign exchange during the past one year; and

(c) whether the credit curb and increase in interest rate by RBI will hamper the industrial growth and increase the cost price of industrial goods?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir; the Reserve Bank of India has initiated certain measures to conserve foreign exchange.

(b) The details of measures taken by the Reserve Bank of India to conserve foreign exchange during the past one year are:—

(1) Out flow of free foreign exchange has been restricted for the import of capital goods. Such imports are being permitted only if they are covered under the foreign currency lines of credit or where importers have their own sources to finance such imports. Imports from countries under bilateral rupee trade arrangements, imports under the T.D.E. Scheme administered by IDBI and technical know-how for modernisation/upgradation were also exempt from the above restriction. However on 13th June, 1991 Reserve Bank of India issued instructions that in respect of import of capital goods from the countries with whom we have bilateral trade agreements letters of credit could be opened for such imports from these countries within the period of validity of agreements entered into with each of them. More recently, on July 24, 1991, opening of letters of credit for payment in free foreign exchange for import of capital goods for projects assisted by international institutions, where costs of imports would be reimbursed, has been permitted.

(2) A system of centralised clearance has been introduced by Reserve Bank of India for opening of letters of credit involving Rs. 25—50 lakhs and above. Prior approval of the Regional/Central Office of the Exchange Control Department of Reserve Bank of India is required individual importers on whose behalf the commitment of foreign exchange liability exceeds Rs. 2 crores from the banking system, have also to obtain prior clearance of the Reserve Bank of India for future imports through their bankers. In the case of exporters this limit of Rs. 2 crores is increased to Rs. 2 crores plus 20 per cent of export realisation of the last year subject to an overall ceiling of Rs. 5 crores.

(3) Every transaction of sale of foreign exchange or payment to any person resident outside India equivalent to Rs. 2.5 crores and above other than for repayment of balances in FCNR and NRE also require the prior permission of the Reserve Bank of India.

(4) From October, 25th 1990 for import other than capital goods, banks were advised to insist on a minimum cash margin of 50 per cent while extending credit. In March, 1991 the minimum cash margins were increased to vary bet ween 50 per cent and 133.33 per cent depending on the type of licence under which the imports were to be made. From April 22nd 1991 these cash margins were further increased to 200 per cent on

imports under OGL and to 150 per cent on imports under specific licences. Imports of government departments, some bulk commodities required for mass consumption, certain export related imports and life saving drugs were exempt from the above restrictions.

(c) Yes, Sir. They are likely to increase the cost of production of goods in some sectors but the overall effect is expected to reduce inflationary pressures, and expectations which would in turn have an impact on the price level. Further, measures taken to conserve foreign exchange are likely to contribute to industrial growth by hastening import-substitution and promoting exports.

Independent Company Law Board

1210. SHRI VITHALBHAI M. PATEL: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Government have decided to constitute an independent Company Law Board;

(b) if so, what are the reasons therefor; and

(c) what will be the status of the new Company Law Board?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI P. R. KUMARAMANGALAM): (a) The Company Law Board has been constituted by the Central Government with effect from 31-5-1991.

(b) An independent Company Law Board was constituted on the recommendations of High-power Committee (Sachar Committee) to provide an in-built system to combine application of judicial mind with speed and administrative efficiency.

(c) The Board is an independent authority to exercise Judicial and quasi-judicial functions conferred on it by the Companies Act, 1956 and its orders are appealable to High Court on questions of law.

Show cause notice issued to 20th Century Fox India Ltd.

1211. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether the Enforcement Directorate has issued a show-cause notice to the 20th Century Fox India Limited for illegal exhibition of films in India; and

(b) if so, what are the details of the investigation in the matter and the results thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) No, Sir.

(b) Does not arise.

Adverse effect of credit curbs on Textile Industry

1212. SHRI VITHALBHAI M. PATEL: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the Reserve Bank of India's credit curbs have adversely affected the textile industry;

(b) whether it is also a fact that because of credit curbs textile products would be costlier; and

(c) whether Government are considering the request of textile industry for exemption from credit curbs?

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF TEXTILES (SHRI ASHOK GEHLOT): (a) to (c) The problems relating to credit facilities for textile sector are taken up with